



**Investment Office**

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August 14, 2006

**AGENDA ITEM 3**

**TO: MEMBERS OF THE INVESTMENT COMMITTEE**

**I. SUBJECT:** CEM Benchmarking Annual Survey

**II. PROGRAM:** CalPERS Total Fund

**III. RECOMMENDATION:** Information Only

**IV. ANALYSIS:**

CEM Benchmarking Inc. (CEM), an information and advisory company, has been retained since 1992 to analyze CalPERS cost structures as compared to other plan sponsors and to measure CalPERS' cost effectiveness (or the value added per dollar spent.) Each year, staff prepares an agenda item to review the cost analysis executive summary. In addition, Wilshire Associates prepares a review of the CEM report.

Attachment 1 is the Executive Summary prepared by CEM.

Attachment 2 is the Wilshire Associates review of the CEM report.

**V. STRATEGIC PLAN:**

Goal I. Exercise global leadership to ensure the sustainability of CalPERS' pension and health benefit systems; Goal VIII. Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits, and second, to minimize and stabilize contributions; and Goal IX. Achieve long-term, sustainable, risk adjusted returns.

**VI. RESULTS/COSTS:**

The cost to CalPERS for CEM to prepare this report is \$18,500.

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Matt Flynn  
Division Chief

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Anne Stausboll  
Assistant Executive Officer, Investment Operations

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Dr. Russell Read  
Chief Investment Officer